



# Insolvency Act 1986

## 1986 CHAPTER 45

### PART VII

#### INTERPRETATION FOR FIRST GROUP OF PARTS

##### Modifications etc. (not altering text)

- C1** Pts. 1–7 (ss. 1–251) applied (with modifications) by S.I. 1989/1276, arts. 2, 3  
Pt. 7 (ss. 247–251) applied (with modifications) (1.2.1993) by Friendly Societies Act 1992 (c. 40), ss. 21(1), 22, 23, **Sch. 10 para. 1(a)** (with ss. 7(5), 93(4)); S.I. 1993/16, art. 2, **Sch. 3** (as amended (13.3.2018) by S.I. 2018/208, regs. 1(3), 3)  
Pt. 7 (ss. 247–251) applied (with modifications) (1.12.1994) by S.I. 1994/2421, **art. 8(4)(5)(c)(8)(9)**  
Pt. 7 (ss. 247–251) applied (with modifications) (1.12.1997) by 1986 c. 53, **Sch. 15A**, para. 1 (as inserted by 1997 c. 32, s. 39(2), **Sch. 6**; S.I. 1997/2668, art. 2, **Sch. Pt. I(i)**); and as amended (13.3.2018) by S.I. 2018/208, regs. 1(3), **2(3)**  
Pt. 7 (ss. 247–251) power to apply or incorporate conferred (6.4.2001) by 2000 c. 12, s. 14; S.I. 2000/3316, **art. 2**
- C2** Pt. 7 (ss. 247–251) extended with modifications by Building Societies Act 1986 (c. 53, SIF 16), ss. 54(3)(a)(5)(a), 90, 126(3), **Sch. 15** (as amended (13.3.2018) by S.I. 2018/208, regs. 1(3), **2(3)**)
- C3** Pt. VII (ss. 247–251) modified by Company Directors Disqualification Act 1986 (c. 46, SIF 27), ss. **21(2)**, 25  
Pt. VII (ss. 247–251) modified (1.2.1993) by Friendly Societies Act 1992 (c. 40), s. 23, **Sch. 10 Pt. I para. 1(a)** (with ss. 7(5), 93(4)); S.I. 1993/16, art. 2, **Sch. 3**
- C4** Pt. 7 (except s. 250) applied (1.12.1994) by S.I. 1994/2421, arts. 4(3)(b), **6(2)(3)(c)**  
Pt. 7 (ss. 247–249, 251) applied (1.12.1994) by S.I. 1994/2421, **art. 6(3)(c)**  
Pt. 7 (ss. 247–251) applied (1.12.1994) by S.I. 1994/2421, arts. 8, 10(2)(3)(c), **Sch. 4 Pt. II**
- C5** Pts. 1–4, 6, 7 applied to limited liability partnerships (with modifications) (E.W.S.) (6.4.2001) by S.I. 2001/1090, reg. 5, Schs. 3, 4 (as amended (4.3.2004) by S.I. 2004/355, **art. 10** and (1.10.2005) by S.I. 2005/1989, reg. 3, **Sch. 2** (with reg. 4))
- C6** First Group of Parts (Pts. 1–7) applied (with modifications) (15.12.2006) by The Banks (Former Authorised Institutions) (Insolvency) Order 2006 (S.I. 2006/3107), art. 3, **Sch.** (as amended (1.4.2013) by S.I. 2013/472, art. 1(1), **Sch. 2 para. 117**; and (13.3.2018) by S.I. 2018/208, regs. 1(3), **11**)

*Status: Point in time view as at 05/09/2003.*

*Changes to legislation: Insolvency Act 1986, Part VII is up to date with all changes known to be in force on or before 05 August 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

## 247 “Insolvency” and “go into liquidation”.

- (1) In this Group of Parts, except in so far as the context otherwise requires, “insolvency”, in relation to a company, includes the approval of a voluntary arrangement under Part I, the making of an administration order or the appointment of an administrative receiver.
- (2) For the purposes of any provision in this Group of Parts, a company goes into liquidation if it passes a resolution for voluntary winding up or an order for its winding up is made by the court at a time when it has not already gone into liquidation by passing such a resolution.
- [<sup>F1</sup>(3) The reference to a resolution for voluntary winding up in subsection (2) includes a resolution deemed to occur by virtue of an order made following conversion of a voluntary arrangement or administration into winding up under Article 37 of the EC Regulation.]

### Textual Amendments

F1 S. 247(3) inserted (31.5.2002) by S.I. 2002/1240, reg. 12

### Modifications etc. (not altering text)

C7 S. 247 applied by Company Directors Disqualification Act 1986 (c. 46, SIF 27), ss. 22(3), 25

## 248 “Secured creditor”, etc.

In this Group of Parts, except in so far as the context otherwise requires—

- (a) “secured creditor”, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and “unsecured creditor” is to be read accordingly; and
- (b) “security” means—
- (i) in relation to England and Wales, any mortgage, charge, lien or other security, and
  - (ii) in relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off).

## 249 “Connected” with a company.

For the purposes of any provision in this Group of Parts, a person is connected with a company if—

- (a) he is a director or shadow director of the company or an associate of such a director or shadow director, or
- (b) he is an associate of the company,

and “associate” has the meaning given by section 435 in Part XVIII of this Act.

### Modifications etc. (not altering text)

C8 S. 249 applied by Social Security Pensions Act 1975 (c. 60, SIF 113:1), s. 57C(4) (as inserted by Social Security Act 1990 (c. 27, SIF 113:1), s. 14, Sch. 4 Pt. I para. 1)  
 S. 249 applied by Social Security Pensions Act 1975 (c. 60, SIF 113:1), s. 57A(4) (as inserted by Social Security Act 1990 (c. 27, SIF 113:1), s. 14, Sch. 4 Pt. I para. 3)

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- S. 249 applied (7.2.1994) by 1993 c. 48, **ss. 112(4)**, 119(4) (with s. 6(8)); S.I. 1994/86, **art. 2**
- S. 249 applied (6.4.1997) by 1995 c. 26, **s. 123(1)** (with s. 121(5)); S.I. 1997/664, art. 2(3), **Sch. Pt. II** (with transitional adaptations, modifications and savings in arts. 3-14)
- S. 249 applied (with modifications) (6.4.1997) by S.I. 1996/3127, **reg. 3(1)**
- S. 249 applied (1.10.2000) by S.I. 2000/1403, **art. 1(5)**
- S. 249 applied (6.4.2005) by Pensions Act 2004 (c. 35), **ss. 38(10)**, **51(3)(a)**, **53(6)(a)**, 322(1) (with s. 313); S.I. 2005/275, **art. 2(7)**, Sch. Pt. 7 (subject to art. 2(12))
- C9** S. 249: power to apply (with modifications) conferred (6.4.2005) Pensions Act 2004 (c. 35), **ss. 57**, 322(1) (with s. 313); S.I. 2005/275, **art. 2(7)**, Sch. Pt. 7 (subject to art. 2(12))
- C10** S. 249 modified (30.12.2005) by The Occupational Pension Schemes (Investment) Regulations 2005 (S.I. 2005/3378), **reg. 10(1)**
- C11** S. 249 modified (22.2.2008) by The Northern Rock plc Transfer Order 2008 (S.I. 2008/432), art. 17(1), **Sch. para. 3(b)**
- C12** S. 249 modified (29.9.2008 at 8.00 a.m.) by The Bradford & Bingley plc Transfer of Securities and Property etc. Order 2008 (S.I. 2008/2546), art. 13, **Sch. 1 para. 3(b)**
- C13** S. 249 modified (7.10.2008 at 9.30 a.m.) ) by The Heritable Bank plc Transfer of Certain Rights and Liabilities Order 2008 (S.I. 2008/2644), art. 26, **Sch. 2 para. 3(b)**
- C14** S. 249 modified (30.3.2009 at 8:00 a.m.) by The Amendments to Law (Resolution of Dunfermline Building Society) Order 2009 (S.I. 2009/814), art. 7, **Sch. para. 3(b)**

## 250 “Member” of a company.

For the purposes of any provision in this Group of Parts, a person who is not a member of a company but to whom shares in the company have been transferred, or transmitted by operation of law, is to be regarded as a member of the company, and references to a member or members are to be read accordingly.

## 251 Expressions used generally.

In this Group of Parts, except in so far as the context otherwise requires—

“administrative receiver” means—

- (a) an administrative receiver as defined by section 29(2) in Chapter I of Part III, or
- (b) a receiver appointed under section 51 in Chapter II of that Part in a case where the whole (or substantially the whole) of the company’s property is attached by the floating charge;

“business day” means any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday in any part of Great Britain;

“chattel leasing agreement” means an agreement for the bailment or, in Scotland, the hiring of goods which is capable of subsisting for more than 3 months;

“contributory” has the meaning given by section 79;

“director” includes any person occupying the position of director, by whatever name called;

“floating charge” means a charge which, as created, was a floating charge and includes a floating charge within section 462 of the Companies Act (Scottish floating charges);

“office copy”, in relation to Scotland, means a copy certified by the clerk of court;

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“the official rate”, in relation to interest, means the rate payable under section 189(4);

“prescribed” means prescribed by the rules;

“receiver”, in the expression “receiver or manager”, does not include a receiver appointed under section 51 in Chapter II of Part III;

“retention of title agreement” means an agreement for the sale of goods to a company, being an agreement—

- (a) which does not constitute a charge on the goods, but
- (b) under which, if the seller is not paid and the company is wound up, the seller will have priority over all other creditors of the company as respects the goods or any property representing the goods;

“the rules” means rules under section 411 in Part XV; and

“shadow director”, in relation to a company, means a person in accordance with whose directions or instructions the directors of the company are accustomed to act (but so that a person is not deemed a shadow director by reason only that the directors act on advice given by him in a professional capacity);

and any expression for whose interpretation provision is made by Part XXVI of the Companies Act, other than an expression defined above in this section, is to be construed in accordance with that provision.

**Modifications etc. (not altering text)**

**C15** S. 251 applied (with modifications) (S.) (6.4.2001) by [S.S.I. 2001/128](#), [reg. 4](#), [Sch. 2](#), [Sch. 3](#)

**Status:**

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